

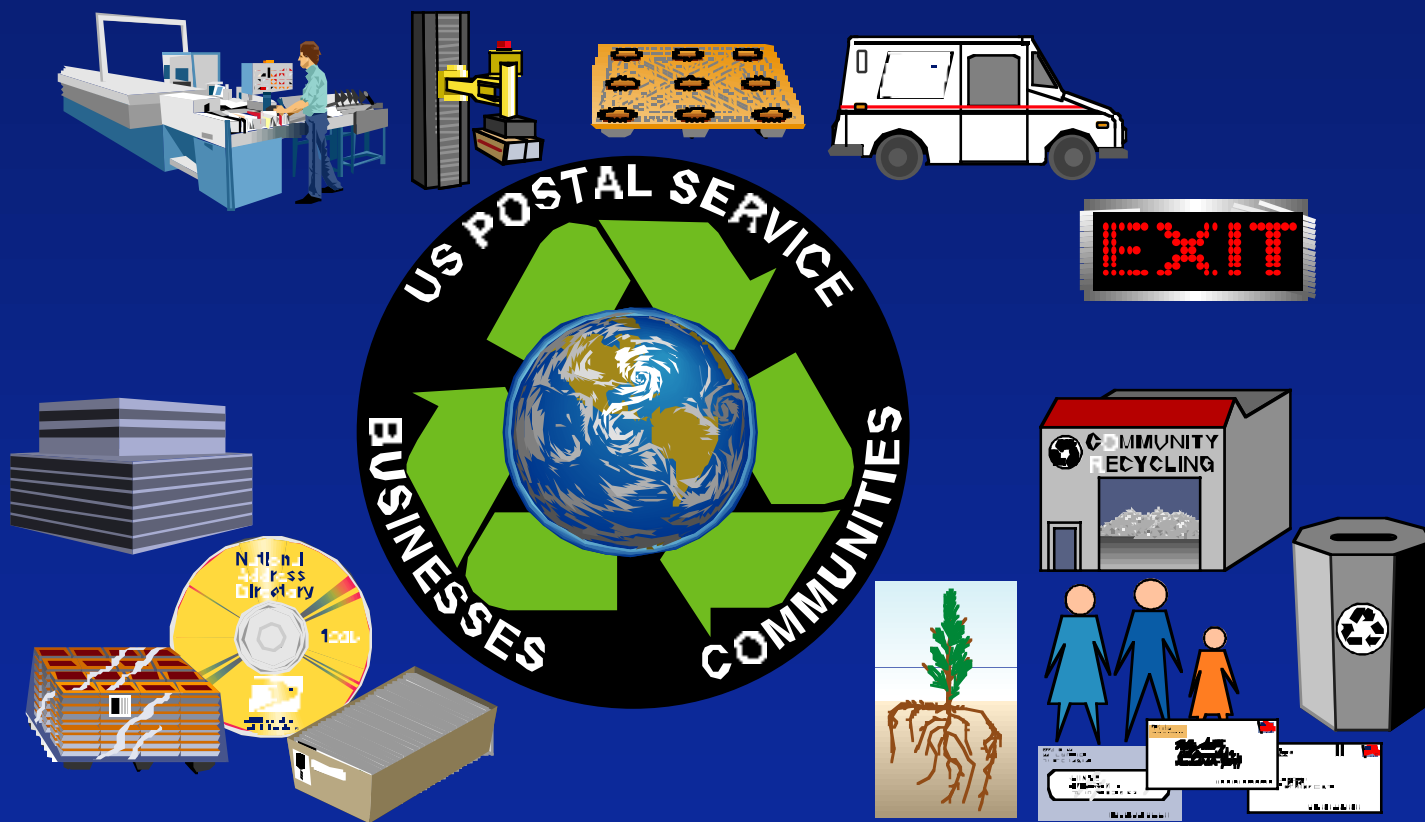


Purchasing Electricity at the U.S. Postal Service

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USPS Impacts on Environment





Energy Conservation Strategies

- Awareness
- Energy Cost Management
- Operations & Maintenance
- System Upgrades
- Renewable Power Purchase

Renewable energy doesn't count in the DoE energy consumption report!



Preparing to Issue an RFP

- **Assembled multi-function “energy team” including environmental, purchasing, finance and maintenance**
 - **Established supplier requirements**
 - **Determined organizational objectives**
 - **Economic**
 - **Environmental**
 - **Acquired consumption data**
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California Characteristics

- More than 1500 eligible accounts in three IOU territories
 - Approximately 40 MW annual demand
 - Approximately \$35M annual expenditures on electric service
 - 2 primary facility demand patterns
 - 24 hour operations
 - 12-14 hour operations
 - More than 1000 facilities under 20kW
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Offer Evaluation

- “Best Value” approach
 - First criterion - highest percentage of green power at or below current utility tariff rates
 - Other criteria
 - Percent discount from utility tariffs
 - Reasonable meter acquisition costs
 - Meter installation timetable
 - *No offers accepted*
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New Solicitation Offered

- Focus on green power rather than electric service more generally
 - Still included billing, metering, EDI, etc.
 - Offers made on facility-by-facility basis
 - No requirement to serve whole service territories
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Contract Awarded

- **Supplier: Preferred Energy Services, Inc dba go-green.com**
 - **~1,100 sites in CA, mostly under 20kW**
 - **100% “green power”**
 - **~33,000,000 kWh/year; 3.8 mW**
 - **38 month contract term**
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Unexpected Surprises

- One potential supplier refused to comply with the requirements of the solicitation
 - Another potential supplier dropped out of negotiations as a result of a merger
 - Current supplier has hinted at early termination of contract as a result of possible regulatory changes
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Lessons Learned

- **Become an educated buyer**
 - **Participation of a variety of functional areas within the organization is key**
 - **Commodity cost savings may be small, particularly in early years following restructuring**
 - **Internal cost savings may be significant and should not be overlooked**
 - **State subsidies and transition periods may inject substantial uncertainty into the process**
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